

LIST OF ATTENDEES

NAPA STEERING PANEL MEETING--1 APRIL 1988

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GOVERNMENT

CENTRAL INTELLIGENCE AGENCY

[redacted]  
Ted Price  
[redacted]

Executive Director  
Director of Personnel  
Office of Personnel  
Office of Personnel

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DEFENSE INTELLIGENCE AGENCY

[redacted]

Deputy Director for Resources  
Personnel Director  
Personnel, Policy

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STATE DEPARTMENT

Curtis W. Kamman ✓  
Michael Southwick  
Sara Maddux

Principal Deputy Asst Secretary/INR  
INR  
INR

FEDERAL BUREAU OF INVESTIGATION

John Glover ✓  
David Rarity

Executive Assistant Director for  
Administration  
Director of Personnel

DEFENSE DEPARTMENT/ARMY

Jim Davis ✓  
Craig Wilson  
Frank Cipolla

Special Assistant to Deputy Chief of  
Staff/Intelligence  
Director of Personnel, Training and  
Resources--ASD/C<sup>3</sup>I  
Director of Personnel Policy--OSD/FM&P

NATIONAL SECURITY AGENCY

[redacted]

Deputy Director for Administration  
Director of Personnel  
Office of Personnel, Policy

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INTELLIGENCE COMMUNITY STAFF

Lt Gen Edward J. Heinz, USAF  
[redacted]

Director, IC Staff  
Director, PPO/ICS  
PPO/ICS  
PPO/ICS

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ICS 88-4225  
31 March 1988

NOTE FOR: Director, Intelligence Community Staff

FROM:   
Planning and Policy Office

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SUBJECT: NAPA Panel Meeting, 1 April 1988

1. Attached is a set of four papers prepared by the NAPA study staff that summarizes their research to date and outlines their current thinking on the direction the study will take. Briefly, the papers consist of the following:

- o Terms of Reference Issues: Individual agency views on the general issues of concern noted in the Terms of Reference (TOR), based on data provided during the initial information gathering stage. You will note that some agencies (INR, FBI, Services) had no additional comments beyond the statements in the TOR.
- o Desired Personnel Changes: Basically the Community participants' "wish lists" of desired improvements to their specific personnel systems. It is likely that the senior Community officers present Friday will confirm and/or emphasize priority elements on this list.
- o Personnel Differences Among IC Agencies: A list of differences in personnel policies and procedures that appear to create problems (i.e., a sense of inequity) for some Community agencies. The primary issue here relates to the lack of comparability in overseas benefits and entitlements.
- o Proposal for Areas for In-depth Study: The NAPA Staff's view of what areas need to be studied in depth. They will seek approval from their Panel on Friday to organize the study along six major lines of inquiry. The Staff's estimate is that area 1 (Total Compensation) will require the most focus and resources (about 75 percent); their view is that compensation issues are the crux of the study. The Staff will also recommend that the war time operations aspect of the study be dropped, as they believe study of it would consume resources with almost no prospect of a solution being identified.

ALL PORTIONS OF THIS  
MEMORANDUM ARE UNCLASSIFIED

SUBJECT: NAPA Panel Meeting, 1 April 1988

2. Also attached are an updated list of capsule biographies of NAPA panel members and a list of Community officers expected to be present at the 1200-1500 session on Friday. (U)

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Attachments:

- A. NAPA Research Information
- B. Capsule Biographies
- C. Meeting Attendees

SUBJECT: NAPA Panel Meeting, 1 April 1988

DISTRIBUTION: (ICS 88-4225)

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DCI/ICS/PPO/ (31 March 1988)

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TERMS OF REFERENCE ISSUES\*

Central Intelligence Agency

Competition with the Private Sector

As the pool of available candidates decreases in critical skill areas, the agency will face stiff competition from the private sector. Trends indicate that larger percentages of applicants will be foreign-born or otherwise unemployable by CIA.

Security Considerations

Forty percent of employees in some type of cover status. This imposes unusual restrictions on employees and families. One of only two agencies that requires polygraph and extensive background investigation on a repetitive basis.

Rewards

While the Agency believes its workforce is highly motivated, over a period of time, inadequate rewards for federal service will gradually erode the workforce. The most talented employees (and those most likely to get awards under an expanded program) are those most sought by the private sector.

Training

Vital part of the Agency personnel strategy. Many skills needed cannot be acquired outside the Agency, so ongoing training programs are substantial.

Work Environment

No study on 'quality of life' as such, but many of the same factors which surface as security considerations (privacy issues, family concerns) are important facets in the quality of work life Agency employees experience.

Retirement Systems

The agency does not see this as a major issue, except for their desire to have a retirement transition program and use of home leave to explore post-Agency retirement options.

\* As defined in Summary of Statements on Study Objectives

### Flexibility

This interest is of the highest priority and the Agency's proposals in this area reflect their interest. The Agency suggests NAPA familiarize itself with findings that government salaries lag behind the private sector, and examine the Agency's three experiments with broad band pay scales.

### Occupational Pay

The Agency is examining the need to expand occupational beyond the current series in which it is used.

### Leave and Benefits

Top priority. Regard implementation of Phase I of the Flexible benefits program as needing immediate attention so that health and life insurance elections and premiums can be changed during the November 1988 open season.

### Career Development

Top priority to CIA management and on Terms of Reference because CIA Executive Director suggested it. It is only through such programs that the Agency will be able to achieve a workforce of well-rounded intelligence officers.

### Potential Impact of War-time Operations

Provision exists for changes in mission and assignment of personnel in event of major hostilities. Beyond such provisions, it is difficult to assess how war time operations will affect the CIA personnel system.

## National Security Agency

### Competition with the Private Sector

NSA is in and has been in direct competition with the private sector for top caliber science/technology skills and short supply language skills. NSA must retain all the creative leverage authorized under PL 86-36 and must obtain more legal authorities to develop more flexible compensation and benefits programs.

### Security Considerations

To compensate for stringent, invasive security investigative processes, NSA (and the rest of the IC Community) must try to compensate by establishing the most comparable and flexible salary and benefits system possible in comparison to the private sector hi-tech industries.

### Rewards

No authority for bonuses. NSA believes a bonus system would vastly improve its ability to motivate staff to accept certain field positions and recruit outstanding talent. Would permit Agency to preserve the integrity of its promotion and incentive awards programs.

### Training

Have unique career development and mandatory professional certification system. Need more training resources to meet retraining needs to keep pace with technological evolutions. Issue will need to be addressed further later.

### Work Environment

Although NSA's physical plant has and is expanding significantly, more space is required to house various research and support functions. Issues will be addressed further later.

### Retirement Systems

The lack of a dedicated Agency retirement system comparable to the Foreign Service or CIARDS seriously hampers NSA efforts to fill critical foreign assignments.

### Flexibility

Need and other IC agencies require management flexibility sufficient to provide training, compensation, promotion, awards, retirement, and benefits programs broad enough to ensure their ability to have the staff needed to respond to vastly expanding intelligence requirements. To compete with the private sector, NSA will need to seek legislation for a comprehensive Flexible Benefits Program, as outlined in CIA's HR Modernization and Compensation Report.-

### Occupational Pay

Conclusion of an occupational salary structure study was to further explore pay banding principles and determine if senior management would agree to pursue needed authorizing legislation for a pay-for-performance system under pay banding. NSA's decision was to stay with the grade/step system. The NSA compensation office is again studying the feasibility of a more flexible pay system.

### Leave and Benefits

A leave/pool sharing system within the Agency is essential to accommodate NSA's young work force and dual income families.

### Career Development

(See training, above)

### War-time Operations

NSA employees overseas must execute a Declaration of Intent to Remain at Post of Duty in the event of an emergency until properly relieved. However, if a crisis would occur, there is no legal means to enforce these declarations for Agency employees and especially contractor employees. NSA desires that this issue be studied by the NAPA Study Group and that a determination be made as to whether a statutory change to require employees and Agency contract personnel to remain at their location is feasible.

## Defense Intelligence Agency

### Competition with the Private Sector

DIA is not competitive in the "hard sciences" because of the inflexibility of the benefits available and the pay mechanism of the General Schedule.

### Security Considerations

Length of time for Entry-on-Duty processing is a negative, but Agency is used to working around it. No other major concerns.

### Rewards

DIA has a standardized process and most responsibility is with the manager. The initial feedback has been positive. The concept of performance bonus awards similar to the SES could be explored.

### Training

No major concerns.

### Work Environment

No major concerns.

### Retirement Systems

No major concerns.

### Flexibility

Further relief from the GS system should be considered - i.e. pay banding. Each agency should be allowed the flexibility to use the bands, as appropriate, internally. consideration might be to establish generic

### Occupational Pay

Identify occupational groups that have pay flexibility for base pay, bonuses, internal speciality pay. Grant the agencies the flexibility to establish their own occupational groups using appropriate guidelines. Changes that are not tied to base pay could be pursued.

### Leave and Benefits

Explore cafeteria style health benefits and special life insurance benefits, as appropriate.

Career Development

No major concerns.

War-time Operations

DIA has established a mechanism to call back specific retirees in case of war. They will augment positions and/or individuals lost to the Reserves on M day. For positions at U & S Commands subject to rapid deployment, special MOUs are in place. Employees receive special notice of the deployment potential.

Military Intelligence

No further comment on Terms of Reference issues.

Federal Bureau of Investigation

No further comment on Terms of Reference issues.

Department of State/Bureau of Intelligence and Research

No further comment on Terms of Reference issues.

March 29, 1988

PERSONNEL STUDY OF THE INTELLIGENCE COMMUNITY

DESIRED PERSONNEL CHANGES

Central Intelligence Agency

- 1) Revised pay and classification structure, with three basic components:
  - A) Occupationally defined bands;
  - B) Funding control with classification delegated to Directorates and use of personal services funding only (not position ceilings or average grade) to constrain the structure of the workforce; and
  - C) Incentive pay.
- 2) Revised performance evaluation system with established up-front expectations.
- 3) Improved career development program with occupational career handbooks, individual career development plans, occupation-specific training, and improved training availability.
- 4) Flexible Benefits Plan, in two phases.  
Phase I would permit employees to deduct their portion of the health insurance premium on a pre-tax basis.  
Phase II would contain a menu of health and life insurance benefits, a "buy/sell" vacation plan, and flexible spending accounts to fund (through salary reduction programs) certain medical and dependent care costs on a pre-tax basis.

Some of these proposed initiatives, or a more limited version of them, are being considered to implement during the timeframe of the NAPA Study. These include:

- 5) Revisions of the position classification program to simplify standards and revise the process of establishing positions to give managers greater authority;
- 6) Implementation of a manage-to-budget program on a test basis.
- 7) Administrative revision to the awards program to increase managers' authority in this area;

- 8) Implementation, on a test basis in the Office of Security, a new career development program;
- 9) Phase I of the Flexible Benefits Plan -- permitting employees to deduct their portion of the health insurance premium on a pre-tax basis;
- 10) Revision of the leave program to provide:
  - A) leave sharing between spouses to care for children under one year of age,
  - B) a modified leave sharing program, similar to an expected law that will be passed for general government,
  - C) retirement transition program to explore retirement options.

National Security Agency

- 1) Ability to pay a recruitment bonus to high quality candidates who would be otherwise unlikely to work for the Agency.
- 2) Authority for relocation bonuses to encourage the best staff to accept domestic and overseas field assignments.
- 3) Authority to transport remains of staff who die while assigned to field sites in the U.S.
- 4) Amendment to 26 U.S.C., section 912, that would allow certain NSA employees abroad to receive the tax treatment on allowances that is comparable to that allowed to CIA and Foreign Service personnel in similar circumstances.
- 5) Graduate Studies Program for cryptologic skills.
- 6) Emergency visitation travel for families stationed abroad who must return home for a family emergency.
- 7) Advance pay, up to three months, for employees who transfer to a new duty post in the U.S.

- 8) Ability to pay civilian employees overtime pay without regard to the statutory biweekly limitations as to maximum payable sums.
- 9) Rental car allowance for employees being transferred overseas when their private car is in transit.
- 10) Retroactive pay for certain SCES members, tying into the Circuit Court of Appeals ruling that SES pay was improperly capped at Exec Level V during 1980-81.
- 11) Authority for NSA personnel to assume, for certain NSA facilities, the protective functions now performed on GSA delegation.
- 12) Clarification to the Rehabilitation Act of 1973 so that NSA, CIA and DIA may deny or revoke security clearances based on drug or alcohol abuse.
- 13) Amendment to the Federal Tort Claims Act to provide psychologists relief from personal liability arising from assessments of applicants.
- 14) Authority to pay living quarters allowance to agency employees who are assigned to rotational tours of duty in the U.S.
- 15) Special (higher) rates of pay for certain employees assigned outside the continental U.S.

Defense Intelligence Agency

DIA has recently revised its total personnel program, and is now digesting the changes which were made. The agency assessment is that the changes made under the flexibility authorized by the 1984 Act have "worked wonders."

No major personnel changes are currently being considered.

### Military Intelligence Agencies

The fiscal year 1987 Authorization Act created an exempt personnel system comparable to that of NSA and DIA. The military services are now implementing this law, with an October 1988 target date.

Proposed legislative changes include a separate Tri-Service Intelligence Senior Executive Service, relief of specialized hard-to-find positions from the Military Dual Compensation Act and exclusion of the services (as NSA and CIA) from the Merit Systems Protection Board Appeal coverage for non-veteran preference eligibles.

### Federal Bureau of Investigation

SES type program to replace supergrades. Legislation is pending.

Special pay for Special Agent staff in New York City. Congressionally mandated study By FBI and OPM recommends mobility and retention allowances for employees subject to directed transfer to New York City. Legislation is required.

### Department of State/Bureau of Intelligence and Research

Procedural change in the Open Assignment Process Agreement with the American Foreign Service Association to give INR greater choice in the selection and assignment of Foreign Service Officers.

PERSONNEL DIFFERENCES AMONG IC AGENCIES THAT  
ARE PERCEIVED TO CREATE PROBLEMS

Central Intelligence Agency

None specifically cited.

National Security Agency

Different overseas entitlements than CIA and State Department employees for all NSA employees except those assigned to Special Cryptological activity in locations with CIA or State staff. This means most NSA employees get less pay than other agencies' staff at the same locations.

There is no special retirement program for NSA staff assigned overseas.

Defense Intelligence Agency

Inability to provide DIA overseas personnel benefits comparable to those available to State Department staff.

Military Intelligence

Prior to being made exempt from Title V, the military intelligence community considered itself at a disadvantage compared to DIA and NSA. This is no longer the case.

Federal Bureau of Investigation

Greater CIA authority to compensate staff for assignment to high cost areas.

Greater CIA pay flexibility.

Department of State/Bureau of Intelligence and Research

No conflict evident. Staff see themselves first as State staff and second as intelligence specialists.

INTELLIGENCE COMMUNITY PERSONNEL STUDY

Proposal for Areas for In-Depth Study

Based on the preliminary investigation, it is proposed to concentrate the study in the areas of total compensation, training and career development, staffing, equal employment opportunity, and future Human Resources Management (HRM) needs of the IC agencies.

These areas will be examined in the context of the broad issues stated in the Authorization Act and the contract: whether the present and planned HRM systems will be able to attract and retain the highest quality personnel; whether there is a need for significant changes in HRM systems to meet future change; and whether there are significant differences in the HRM problems confronting the intelligence community agencies in contrast to other federal agencies and in contrast to each other.

Briefly, the focus of inquiry for each area proposed for examination is as follows:

1. Total Compensation.

--examine pay from two aspects; the impact of the pay cap and the need for increased agency flexibility in the use of the pay system within cap limits.

--examine benefits from two aspects: the need for benefits enhancement because of the nature of the work performed by staff in the IC agencies and the need for increased agency flexibility in the use of benefits to better meet the needs of a changing workforce.

--examine compensation and benefits comparability for staff in overseas assignments including a comparison with the State Department.

--examine the need for different/better pay and benefits from the general federal civil service.

--examine specific pay and benefit issues, cited in the contract and/or which are developed in the course of the study, which affect the ability of the intelligence community agencies to compete with the private sector and with other federal agencies for top quality personnel.

2. Career Development and Training.

--examine the career development programs to determine how they support the future staffing and skill needs of the agencies.

--examine the adequacy of training and retraining programs in the agencies and how they are linked to improving job performance and meeting current and future skill needs.

--examine the adequacy of resources for training and career development programs.

--examine workforce and succession planning programs to determine their adequacy for meeting the future staffing, training and career development program needs of the agencies.

3. Staffing.

--determine current and projected skill shortage and retention problems which threaten accomplishment of agency missions.

--examine the impact of the more stringent personnel security requirements of the IC agencies on the ability of the agencies to compete in the labor market.

--explore the possibility of assessing the quality of new staff being employed and retained now and in the future.

4. Equal Employment Opportunity.

--develop a grade/sex/race profile.

--examine occupational distribution in terms of race and sex.

5. Examining the Future.

--address this question from the perspective of strategic and technological change in the intelligence mission, and economic, social, and demographic trends in US.

--examine projections of agency future staffing needs from the current staff base. Include examination of the impact of congressional personnel authorizations for the IC agencies and the impact of congressional action on pay and benefits.

6. Organizational Issues.

--examine the role of the DCI in providing guidance and direction to the HRM programs of the intelligence community agencies and for performing an on-going oversight of HRM.

--examine the potential impact of war-time operations on those intelligence functions heavily dependent on civilian personnel.

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The investigation will be directed primarily to the CIA, NSA, DIA, and FBI. The current redesign of the civilian personnel systems of the military intelligence agencies will not be examined. It is expected that the Panel's findings and recommendations will be of value in assessing these changes. Study of the State INR activity will be limited in scope.

To re-emphasize the comparative nature of the study, in all phases of the study, the staff will examine:

- a) the degree to which the different intelligence agencies should or could have uniform HRM policies,
- b) the extent to which the uniqueness of the intelligence function justifies different HRM policies from the rest of the government.

March 28, 1988



INTEL PANEL FOR INTELLIGENCE  
COMMUNITY PERSONNEL STUDY

PHILIP ODEEN\* - PANEL CHAIR: Regional Managing Partner, Coopers and Lybrand. Served as Vice President for Financial Planning and Corporate Services, Wilson Sporting Goods, Co.; Director of Program Analysis, National Security Council and Principal Deputy Asst. Secty of Defense for Systems Analysis. Also has been Chair of the Washington World Affairs Council and Subcommittee Chair on President's Commission on Military Compensation. Assisted Frank Carlucci in study of National Security Council Staff.

JULIUS BECTON - Director, Fed. Emergency Management Adm. Retired as a Lt. General of the U.S. Army in 1983 from the position of Deputy Commanding General of the Army's Training and Doctrine Command. He had been Commander of the 7th Corps in Germany and of the 1st Cavalry earlier in his career. He enlisted in the Army Air Corps in 1943.

JAMES COLVARD\* - Asst. Director for Tactical Systems, Applied Physics Laboratory at John Hopkins University. He has served as Deputy Director, Office of Personnel Management; Deputy Chief of Naval Material; Technical Director, Naval weapons Laboratory; and Technical Director, Naval Surface Weapons Center. He was initially employed as physicist and moved up the ranks at China Lake, the Naval Ordnance Test Station and at the Applied Physics Laboratory.

BOBBY INMAN\* - Chairman and CEO, Westmark Systems, Inc.

CAROL LAISE\* - Ambassador, Retired. Served as Asst. Secretary of State for Public Affairs, Ambassador to Nepal and Director and Deputy Director of the Division of S. Asian Affairs, Dept. of State. Holds memberships in the Council on Foreign Relations and the American Foreign Service Association. She is a Director of the Atlantic Council, the American Security Bank and the Philips Petroleum Company.

FRED MEUTER - Manager, Executive Compensation, Xerox Corp. Twenty-nine years of broad-based compensation experience with a number of major corporations, e.g. TRW and 3M. Combat Intelligence Officer with U.S. Air Force during Korean conflict. FBI Special Agent for six years.

WILLIAM MILLER\* - President, American Committee on U.S. Soviet Relations. Has served as Assoc. Dean and Adjunct Professor, Fletcher School of Law and Diplomacy, Tufts University; Staff Director, Senate Select Committee on Intelligence; Special Asst. to Senator John Sherman Cooper of Kentucky and as a Foreign Service Officer in Washington and Iran.

\*Academy Members

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TALKING POINTS

~~CONFIDENTIAL~~

D/ICS Talking Points for NAPA Panel Meeting--1 April 1988

- rely*
- o I'm happy to be here and pleased to see a Panel that looks to be really well put together to get this job done--a good mix of specialists and people who understand the intelligence business.
  - o ~~I think I speak for the Community when I say~~ *I Believe* that we're taking a positive and forward approach to this study--we think it can do some good things for us and can be used as an opportunity to give the Congress an independent view of what's necessary for intelligence to do its job. ✓
  - o I know you met with key staffers from the Hill this morning and you probably have a more immediate sense of their thinking on the study than I do--its very important that their concerns be kept in mind--the study is in good part rooted in Congressional unease over differences among agencies and "ratcheting," piecemeal approaches to legislative remedies--the study should point out where and why differences exist.
  - o All agencies at the table have worked closely with the NAPA staff to develop a baseline and identify key issues that should be looked at in depth--personnel and compensation systems are much too complex to allow an exhaustive look, but there is real merit in focusing on the critical parts--you should have a much better understanding of those parts by the end of the day, at least as we see them.
  - o I do have some general observations, and I'm sure that the individual agency representatives here have more specific concerns to mention later:
    - First, a key theme in the study is certain to be "flexibility"--this is a word that's likely to appear in nearly every issue that's discussed, whether the topic is benefit plans, or pay scales, or two-career families, or whatever.
    - I think that "flexibility" as a general approach to problem solving may be the best course to take--we could, for example, seek broad authorities for the Community in general, modeled after CIA; individual agencies could then draw on this authority as necessary, based on their own needs and resources--one goal of this approach would be to get a capability to deal with both anticipated and unanticipated problems without continual legislative fine-tuning.

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~~CONFIDENTIAL~~

- The Intelligence Community has been successful over the years in getting and keeping a high-quality workforce--but we do have problems, and you'll hear more about them soon--some are bound up in general government service difficulties (low pay raises, for example, and the negative perceptions of a civil service career)--others are tied to our own special needs (retention in the face of physical risks, extraordinary psychological pressures and so on)--still others stem from the ever-growing trend towards the introduction of technical systems (we need more and more engineers and scientists, not only for design and operation of our own systems, but to analyze the increasingly complex weapon and technical systems of our adversaries).
- Our personnel mix is likely to change as we try to solve the kinds of problems I mentioned--we're moving towards a more highly educated and technically aware workforce--as we do that the elements of our personnel and compensation systems that make them attractive will need to be altered to fit the changing character of the workforce.
- o We want a report that objectively looks at the state of play in intelligence and personnel, for both today and tomorrow--I'm confident that that's what we'll get and I think it would be useful now for the other Community principals here to go into more detail.

AGENDA



National Academy of Public Administration  
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INTELLIGENCE COMMUNITY PERSONNEL STUDY

APRIL 1, 1988, PANEL MEETING AGENDA

PHILIP ODEEN - CHAIR

Location: Room 412, Key Bldg., 1200 Wilson Blvd.,  
Rosslyn, VA.  
Telephone: At above address -

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9:00-10:00am	Study Objectives	Odeen Wortman
10:00-12:00	House Permanent Select Committee on Intelligence	Thomas K. Latimer Staff Director, House
	and	
	Senate Select Committee on Intelligence	Sven E. Holmes Staff Director, Senate
12:00- 3:00pm	Lunch and Discussion with Intelligence Agency Leaders	
3:00- 4:00pm	Panel Deliberation on Issues to be Analyzed	Odeen Wortman
4:00- 4:30pm	Workplan and Schedule for Panel Meetings	Odeen Wortman

DRAFT 3/17/88

1120 G Street, N.W., Suite 540 Washington, D.C. 20005 (202) 347-3190



National Academy of Public Administration  
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OBJECTIVES OF NAPA PANEL'S DISCUSSION  
WITH INTELLIGENCE AGENCY  
REPRESENTATIVES

Suggest each agency representative be prepared to:

- 1.) Present trends in strategy or mission impacting on current and future workforce - size, deployment, skill mix, etc.
- 2.) Identify major problems you face in your current personnel and compensation system.
- 3.) Recommend those problems that should be examined in this study.

## **NAPA PANEL FOR INTELLIGENCE COMMUNITY PERSONNEL STUDY**

PHILIP ODEEN\* - Panel Chair; Regional Managing Partner, Coopers and Lybrand. Served as Vice President for Financial Planning and Corporate Services, Wilson Sporting Goods Co.; Director of Program Analysis, National Security Council and Principal Deputy Asst. Secty of Defense for Systems Analysis. Also has been Chair of the Washington World Affairs Council and Subcommittee Chair on President's Commission on Military Compensation. Assisted Frank Carlucci in study of National Security Council Staff.

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CAROL LAISLE\* - Ambassador, Retired. Served as Asst. Secretary of State for Public Affairs, Ambassador to Nepal and Director and Deputy Director of the Division of S. Asian Affairs, Dept. of State. Holds memberships in the Council on Foreign Relations and the American Foreign Service Association. She is a Director of the Atlantic Council, the American Security Bank and the Philips Petroleum Company.

FRED MEUTER - Manager, Executive Compensation, Xerox Corp. Twenty-nine years of broad-based compensation experience with a number of major corporations, e.g. TRW and 3M. Combat Intelligence Officer with U.S. Air Force during Korean conflict. FBI Special Agent for six years.

WILLIAM MILLER\* - President, American Committee on U.S. Soviet Relations. Has served as Assoc. Dean and Adjunct Professor, Fletcher School of Law and Diplomacy, Tufts University; Staff Director, Senate Select Committee on Intelligence; Special Asst. to Senator John Sherman Cooper of Kentucky and as a Foreign Service Officer in Washington and Iran.

\*Academy Members

TERMS OF REFERENCE

## Study of Intelligence Personnel Systems

### Terms of Reference

#### Background

The Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701) requires the Director of Central Intelligence to contract with the National Academy of Public Administration (NAPA) for a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community. The analysis is to include an assessment of the adequacy of existing personnel systems to support the missions of the various intelligence organizations. NAPA is also directed to make recommendations for additional legislation and regulatory or other changes that are deemed advisable to improve the effectiveness of the separate systems.

#### Scope and Emphasis

For the purpose of the study, the "Intelligence Community" will be those agencies and entities defined in Section 3.4(f) of Executive Order 12333, with primary focus on CIA, NSA, and DIA, but including State/INR, FBI/FCI, and civilian intelligence personnel of the military services.

The study is intended to be an objective, classified review of the Intelligence Community's personnel management and compensation systems. The aim is to provide a baseline understanding of the effect of these systems on

the ability of intelligence organizations to perform current and future missions. In carrying out the study, NAPA will examine issues and programs bearing on recruitment, retention, and effective management of employees. Attention should be paid to the consequences of pay and evaluation aspects of personnel systems and to programs related to needs for certain critical skills and occupations. Career development and employee support programs should also be examined, as should infrastructure support for personnel management. The interim and final reports should also provide NAPA's recommendations regarding proposed and potential legislation affecting the intelligence personnel systems.

#### Broad Objectives

The study should achieve the following broad objectives:

- o An examination of the need for significant change in existing Intelligence Community human resource management systems implied in current economic, social, and demographic trends.
- o An examination of present and planned Intelligence Community personnel systems to ascertain if they will be able to attract and retain the highest quality personnel through the 1990s, including identification and specification of necessary improvements and required legislative proposals.
- o A comparison of Intelligence Community personnel systems with the federal civil service, including identification and analysis of

personnel issues facing the Intelligence Community that differ significantly from those facing the federal government in general.

- o A comparison of the personnel needs and requirements facing the individual members of the Intelligence Community, with due regard for the differing missions, risks, job requirements and environments of the agencies, departments, and offices involved.
- o Recommendations, if warranted, for legislative, regulative, or other changes in personnel and/or compensation programs based on the unique nature of intelligence activities.

#### Areas of Inquiry

In the course of meeting the broad objectives, the study should address the following specific areas:

- o Competition Intelligence Community competition for human resources is primarily with the private sector. The total compensation package (pay, benefits, and awards) should be evaluated to determine what needs to be done to make the Intelligence Community competitive in the 1990s in the private sector market in which it competes.
- o Security Special security, cover, lifestyle, and professional restrictions should be examined to determine how they should be recognized in the total compensation packages.

- o Rewards Mechanisms and programs for rewarding employees should be evaluated.
- o Training The resources necessary for retraining to meet changing staffing requirements should be analyzed. Areas that should be assessed include the adequacy of current training and employee development programs throughout the Intelligence Community (as they relate to occupational skills training and the availability of training) and the adequacy of resource commitments to these endeavors.
- o Work Environment The quality of work environment in each agency, including availability of appropriate facilities and equipment, should be compared with corresponding elements in the private sector.
- o Retirement Systems Existing retirement systems should be evaluated as both a managerial tool and an employee incentive. The focus here should be derived from the vagaries of ceiling and special skill needs and the consequent expectation that age and promotion bubbles will arise. The evaluation should emphasize problems of plateauing and the need to ensure appropriate employee throughput.
- o Flexibility The changing and expanding nature of intelligence requirements and the growing interdisciplinary, interagency character of intelligence work require managers to have greater staffing and pay flexibility in organizing the work force. The study should explore the appropriateness and feasibility of establishing

alternatives to the General Schedule and/or restructuring the General Schedule to provide greater management flexibility.

- o Occupational Pay Occupational pay should be evaluated as an approach to pay administration.
- o Leave and Benefits Alternative leave and benefit programs should be evaluated with respect to the need to accommodate the modern work force, which contains an increasing number of dual-income families and single parents.

#### Steering and Guidance

A Study Steering Group (SSG), chaired by a member of the Intelligence Community Staff, with representatives (one each) from the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, the Department of State's Bureau of Intelligence and Research, the Federal Bureau of Investigation, and US Army Intelligence (representing all the military services) will be formed to guide and facilitate NAPA's work, to assure that necessary support is provided from participating agencies, and to assist the Intelligence Community Staff in carrying out its role as agent for the DCI in reviewing and overseeing the study. The Intelligence Community staff will provide the Contracting Officer's Technical Representative (COTR) for the study.

The SSG will identify within each participating agency or entity a focal point for all study-related activity within that organization, including

responses to NAPA's requests for information. NAPA will coordinate all of its activities through these focal points. Both NAPA and the focal points will keep the COTR and SSG aware of progress and problems.

The SSG will receive guidance and overall direction from a Study Management Policy Group (SMPG). The SMPG will be chaired by the Director of the Intelligence Community Staff and will be composed of NFIC-level representatives of the intelligence organizations participating in the study. The SMPG will act for the DCI in the review of the interim reports and will make recommendations to the DCI regarding the final report.

#### Security

Names of the NAPA study team and panel will be provided to the COTR prior to commencement of the study to assure that necessary clearances are obtained from participating organizations.

The COTR will determine that NAPA is provided with suitable secure office space and storage facilities. The focal point for each organization will make such arrangements as may be necessary for office space and secure storage facilities in individual organizational locations.

#### Methodology and Study Organization

NAPA shall be responsible for the proposal of a study methodology and organization which shall be subject to the approval of the COTR after consultation with the Study Steering Group. The COTR will convey to NAPA any

special study focus and guidance received from the Congressional Oversight Committees when it becomes available. In defining the study's scope and tasks, NAPA's proposal shall take into account the funding constraints in the authorizing legislation as well as timing and other considerations required for the interim and final reports.

#### Timing and Reports

The study will begin as soon as practicable after 1 January 1988. NAPA will provide interim reports on 1 May and 1 August 1988. The study will be concluded and a final report provided by the DCI to the Oversight Committees on or before 20 January 1989.

The purpose of the interim reports is to provide a means for an assessment by the Congress of new or substantially modified programs and compensations planned for early implementation. In view of the limited time available to develop the interim reports, the SSG should advise NAPA early in the study which such programs should be evaluated. In addition to a report of progress on the study in general, of particular interest is an analysis of existing or proposed changes to personnel management and compensation systems aimed at recruiting or retaining individuals with skills critical to the missions of the Intelligence Community.

NAPA PROPOSAL



National Academy of Public Administration  
Chartered by Congress

February 12, 1988

STAT

Contracting Officer

STAT


RE: RFP 88-A109

Dear

STAT

Pursuant to conversations between you and Mort Cohen, we have revised the Technical and Management Proposal that we submitted with my letter of February 3, 1988 to you. Enclosed are an original and nine copies.

Sincerely,

  
Ray Kline  
President

Enclosure

MC:ams

**Page Denied**

**NATIONAL ACADEMY OF PUBLIC ADMINISTRATION**

**VOLUME I - TECHNICAL AND MANAGEMENT PROPOSAL**

**PERSONNEL STUDY OF  
THE INTELLIGENCE COMMUNITY**

**Solicitation No. 88-A109**

**February 12, 1988**

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### ATTACHMENTS

- A. NAPA Organization Chart
- B. Candidates for Five to Seven Member Panel
- C. Staff Biographies

## I. INTRODUCTION

The National Academy of Public Administration Foundation is pleased to submit this proposal in response to the needs of the Director of Central Intelligence.

The National Academy of Public Administration was established in 1967 as a source of independent advice and counsel on making government work. It exists solely to help government achieve excellence. By seeking the very best management practices in both the public and private sectors, National Academy studies have helped federal, state, and local agencies achieve new levels of effectiveness. Over the past two decades, the Academy has conducted 150 such studies. Moreover, these studies continue to lead the agenda of innovation in public administration and policy. The unique resource of the National Academy is its membership, composed of more than 350 distinguished practitioners and scholars of public administration — former Cabinet members and governors, White House officials, prominent business executives who have served in government, and professional government managers and scholars specializing in public affairs. Like other professional academies, the National Academy's members are elected by their peers and are representative of all levels of American government.

Members represent a diversity of backgrounds and experience at every level of government, from local to national to international. All share one important characteristic — they have made a sustained contribution to the field of public administration. Participation in the Academy's work is a requisite of membership, and the members offer their experience and knowledge on a voluntary basis.

In 1984, President Reagan signed legislation granting a federal charter to the National Academy of Public Administration. It is the first such charter since President Lincoln signed the charter for the National Academy of Sciences in 1863. Upon signing the charter, President Reagan expressed his "hope and conviction that future Administrations and Congresses will profit from the research and counsel provided by the National Academy to increase the effectiveness of government." As the National Academy enters its third decade, the need for effective public management has never been greater.

Academy studies are supervised by project panels composed of Academy members and other invited experts from inside and outside government. Day-to-day study efforts are conducted under panel supervision by professional staff augmented by specialists recruited for their superior qualifications. Although subject to Academy quality control requirements, the substantive content of final study reports is the responsibility of the

project panels. The business and leadership functions of the Academy are guided by an elected 15-member Board of Trustees. The President of the Academy is appointed by the Board to direct the operational activities.

The National Academy is supported in part by an endowment raised from its members and a variety of foundations and corporations; by the Webb Fund for Excellence in Public Administration and the Staats Fund for the Public Service both of which accept contributions from corporations and individuals; and by sponsoring organizations and foundations for specific projects. It is recognized as a charitable non-profit corporation under Section 501 (C)(3) of the Internal Revenue Code and contributions to the Academy are tax deductible. It is not federally funded.

The National Academy's research and study program provides assistance under contract to government agencies, foundations, corporations and associations. These studies have contributed to a growing body of knowledge on many aspects of effective governance. From better financial control to innovative human resource management, from effective public procurement to less costly regulation, from new businesslike approaches in state and local government to the structure of federal field operations, the Academy is making significant contributions toward more effective public management.

## **II. DESCRIPTION OF THE PROBLEM**

### **Background**

The Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701) requires the Director of Central Intelligence to contract with the National Academy of Public Administration (NAPA) for a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community. The analysis is to include an assessment of the adequacy of existing personnel systems to support the missions of the various intelligence organizations. NAPA is also directed to make recommendations for additional legislation and regulatory or other changes that are deemed advisable to improve the effectiveness of the separate systems.

The study is intended to be an objective, classified review of the Intelligence Community's personnel management and compensation systems. The aim is to provide a baseline understanding of the effect of these systems on the ability of intelligence

organizations to perform current and future missions. In carrying out the study, issues and programs bearing on recruitment, retention, and effective management of employees will be examined. Attention is to be paid to the consequences of pay and evaluation aspects of personnel systems and to programs related to needs for certain critical skills and occupations. Career development and employee support programs will also be examined, as will infrastructure support for personnel management. The interim and final reports will provide recommendations on proposed and potential legislation affecting the intelligence personnel systems.

### **Study Objectives**

The study will address the following broad issues:

- o An examination of the need for significant change in existing Intelligence Community human resource management systems given: (a) strategic trends in the intelligence function; and (b) economic, social, and demographic trends in the American society.
- o An examination of present and planned Intelligence Community personnel systems to ascertain if they will be able to attract and retain the highest quality personnel through the 1990s, including identification of necessary improvements and required legislative proposals.
- o A comparison of Intelligence Community personnel systems with the Federal civil service including identification and analysis of personnel issues facing the Intelligence Community that may differ significantly from those facing the Federal Government in general.
- o A comparison of the personnel needs and requirements facing the individual agencies of the Intelligence Community, with due regard for the differing missions, risks, job requirements and environments of the agencies, departments, and offices involved.

- o Recommendations, if warranted, for legislative, regulatory, or other changes in personnel and/or compensation programs based on the unique nature of intelligence activities.

#### **Specific issues to be examined**

The NAPA Panel will conduct an initial analysis to develop comprehensive and objective comparative data on the personnel management and compensation systems affecting civilian personnel of agencies and entities of the Intelligence Community. This data will include information on existing personnel management and compensation systems and proposed changes to these systems.

For the purpose of the study, the "Intelligence Community" consists of the Central Intelligence Agency, National Security Agency, Defense Intelligence Agency, Department of State Bureau of Intelligence and Research, and the intelligence elements of the Federal Bureau of Investigation and the military services.

Project staff will prepare information requests to all elements of the Intelligence Community in order to establish a preliminary list of issues and differences in policies that the agencies believe should be examined in the course of this study. In addition, a series of initial fact finding interviews will be conducted with appropriate staff of the Intelligence Community agencies.

The data from these efforts plus any additional Congressional guidance will provide the basis for selecting the specific areas for in-depth study. The depth and breadth of each area selected for detailed study will be determined at the conclusion of the first phase of the project. It is anticipated that not all agencies and entities of the Intelligence Community need to be examined to the same degree for each issue identified.

As requested in the Terms of Reference provided by the Intelligence Community Staff, consideration will be given to the following issues in determining the areas for detailed analysis.

- o Competition. Intelligence Community competition for human resources is primarily with the private sector. The total compensation package (pay, benefits, and awards) should be evaluated to determine what needs to be done to make the Intelligence Community competitive now and in the 1990s viz-a-

viz the private sector market.

- o Security. Special security, cover, life-style, and professional restrictions should be examined to determine if and how they should be recognized in the total compensation packages.
- o Rewards. Mechanisms and programs for rewarding employees should be evaluated.
- o Training. The resources necessary for retraining to meet changing staffing requirements should be analyzed. Areas that should be assessed include the adequacy of current training and employee development programs throughout the Intelligence Community (as they relate to occupational skills training and the availability of training) and the adequacy of resource commitments to these endeavors.
- o Work Environment. An assessment of the quality of work environment in each agency, including availability of appropriate facilities and equipment as it compares to corresponding elements in the private sector.
- o Retirement Systems. Existing retirement systems should be evaluated as both managerial tools for sustaining career system vitality as well as serving as incentives for retaining employees. This analysis should reflect those events such as government employment ceilings which cause age and promotion bubbles to arise. The evaluation should emphasize problems of plateauing and the need to ensure appropriate employee career progression.
- o Flexibility. The study should explore the appropriateness and feasibility of establishing alternatives to the General Schedule and/or restructuring the General Schedule to provide greater management flexibility. The changing and expanding nature of intelligence requirements and the growing interdisciplinary, interagency character of intelligence work may require managers to have greater flexibility in organizing their work force than current regulations permit.
- o Occupational Pay. Occupational pay should be evaluated as an approach to pay

administration.

- o Leave and Benefits. Alternative methods of leave and benefits administration should be evaluated with respect to the need to accommodate the modern work force, which contains an increasing number of dual-income families and single parents.
- o Career development. The adequacy of career development programs in the face of dynamic change should be examined. Attention should be paid to existing and potential programs, including efforts to recognize the roles of both supervisors and specialists.
- o War-time operations. The potential impact of war-time operations on civilian personnel should be addressed, especially with respect to the need for continuity of critical functions in the U.S. and overseas.

#### **Approach to The Study**

1. The Academy will establish a five to seven member panel composed of persons knowledgeable about intelligence, management, and personnel matters.

a. The panel composition, determined by NAPA in consultation with the Director of Central Intelligence, will provide the widest possible perspective on the personnel management issues confronting the intelligence community.

b. Panel meetings will be held as indicated in the schedule and at such other points in the study as needed to review progress and provide guidance. Individual Panel members may desire individual briefings by community agencies on some issues.

2. During the initial staff analysis phase, the staff will:

a. Secure an on-site orientation on mission, organization, personnel numbers, personnel policies, and current personnel issues of each of the organizations and entities in the Intelligence Community.

- b. Determine the major personnel management differences between these organizations, including civilian and uniformed staff. Data will be developed on the need for greater equity between organizations or the need for significantly different personnel management systems.
- c. Determine the critical personnel management problems faced by the organizations such as skill shortages and the like.
- d. Develop an inventory of personnel policy changes currently under consideration or believed to be needed by each organization and entity.
- e. Develop a record of statutory changes in Intelligence Community personnel policies that Congress has approved over the last ten years.
- f. Ascertain the strategic personnel management plans which define personnel needs and the actions planned to meet the identified needs over the next five to ten years.
- g. Determine the need for surveys to secure individual views and perspectives on selected issues. For example, a survey of individuals who declined appointments with intelligence agencies may be appropriate. Or, a survey of staff may be appropriate to secure views on specific issues where detailed studies are being made.

This initial analysis will provide the basis for identification of the critical problems which will be examined in depth and the methodologies to be used.

3. The Panel will have an initial meeting with key members of the Intelligence Community as soon as necessary security clearances are secured to discuss the study and to gain an appreciation of the major personnel management issues, short and long range, which confront the community and to confirm agreement on study goals as produced by the staff's initial analysis. The panel will approve the first interim report which will be provided by April 25, 1988 for transmission to Congress on May 1.

4. Project staff will proceed with detailed analysis and develop plans for in-depth analytical studies in those areas that have been approved by the Panel.

a. These studies may include historical analysis of experience and trends; detailed examination of selected programs and practices; evaluation of quality indicators; statistical data analysis; and comparative studies of non-intelligence private and public organizations.

b. Based on the Conference Report for the Intelligence Authorization for Fiscal Year 1988, a detailed analysis will be performed of existing and proposed changes to personnel management and compensation systems aimed at recruiting and retaining individuals with the skills critical to the various missions of the agencies and entities of the Intelligence Community, e.g., mathematics, computer science, engineering, and foreign languages.

5. A Panel meeting will be held to review continuing staff progress and to approve the second interim report which will present NAPA Panel conclusions reached at this point in time. The NAPA Panel will provide this report by August 26, 1988 for transmission to Congress by September 1.

6. Project staff reports on the detailed studies will include assessment of the adequacy of current systems and changes recently implemented or being actively considered by entities of the intelligence community.

a. A Panel meeting will be held to review results of staff analysis, to reach tentative conclusions, and to identify where changes are needed in the intelligence agencies' personnel management systems.

7. In accord with Panel guidance, project staff will develop recommendations for legislative, regulatory or administrative changes in the personnel management systems of the intelligence agencies.

a. A Panel meeting will be held to consider staff proposals. The Panel may meet with former intelligence community leaders to test tentative conclusions and recommendations.

b. The Panel will reach conclusions and recommendations and provide staff guidance on preparation of the final report.

8. A draft report will be written and presented to the Director of Central Intelligence by the NAPA Panel. The Director of Central Intelligence will be asked to comment on the draft. The Panel will carefully consider the comments received from the Director of Central Intelligence in reaching its final conclusions and recommendations.

9. A final report will be issued to the Director of Central Intelligence by January 16, 1989 for transmittal to Congress by January 20, 1989.

10. During the course of the study, meetings will be held as needed with the Study Steering Group (SSG) composed of representatives of the intelligence organizations participating in the study and chaired by a member of the Intelligence Community Staff. These meetings will be held to review progress and secure guidance at critical points in the study. Further the SSG will:

a. provide NAPA early advice on the new or substantially modified personnel and compensations programs planned for early implementation so that they can be evaluated for the interim reports to be provided to the Congress.

b. be provided an opportunity to review the proposed interim and final reports before they are transmitted to the DCI.

### **III. STUDY MANAGEMENT**

#### **Organization**

The National Academy study process is designed for both speed and flexibility. Study teams are recruited to fit specific projects, not vice versa. Working with a stable of potential project staff, the National Academy builds a hand-picked study team in response to the given task.

Within the permanent National Academy staff, the president is ultimately responsible for final decisions on staff and study design. Those decisions are made following initial review by the Director of Academy Studies. The National Academy has already recruited a project director who will act as contract manager for the Personnel

Study of the Intelligence Community. That individual will report to the Director of Academy Studies regarding the development of specific study initiatives.

Once specific tasks are defined, the Project Director will recruit project staff from a group who have also agreed in advance to be available on short notice. Those individuals have been selected for their broad knowledge of human resources management in the Intelligence Community agencies and will bring specific skills to bear on categories of work desired in the proposed contract. Unlike private organizations which must find projects to fit permanent staff, the National Academy is free to recruit personnel to match task needs. Its reputation as a national leader on government management attracts the highest calibre individuals for study teams.

Depending on the nature of the task, the National Academy also selects a panel of members and other experts to oversee the project and develop final recommendations. Each panel is also hand-picked to match the specific needs of the contract. The panel device offers the opportunity to tap the expertise of the National Academy's 350 members. Participation on such panels viewed as a responsibility of membership.

The organization chart of the National Academy is Attachment A to show the customary method of organization. In the case of this RFP the Academy's flow of work will be adapted to the needs of the contracting agency while at the same time maintaining a high level of quality assurance. The Academy's Quality Assurance Policy will be modified to adapt to security considerations.

As to the management of finances, the chief financial officer, assisted by the support staff, assures adequate contractual controls as to cost accumulation, cost management and accurate billings to the Government.

### **Project Management**

Overall study direction will be provided by a panel of persons knowledgeable about Intelligence Management and personnel matters. Day to day direction will be provided by the Project Director and the Deputy Project Director. These two individuals will be responsible for all staff assignments, management of study costs, adherence to the study schedule, and the required reporting.

### **Staff Estimates**

The estimated staff projected for this study consists of:

- |  |            |
|--|------------|
| 1. Five to seven Panel members                                     | 25-40 days |
| 2. Senior Research Associate (Project Director)                    | 125 days   |
| 3. Senior Research Associate<br>(Deputy Project Director)          | 180 days   |
| 4. Research Associate  | 140 days   |
| 5. Additional Research Associates on an<br>as needed basis - up to | 150 days   |
| 6. Administrative Assistant  | 150 days   |
| 7. Secretary   | 150 days   |

The SSG will identify within each participating agency or entity a focal point for all study related activity within that organization, including responses to NAPA's requests for information.

### **Resource Availability**

NAPA has on its staff a highly qualified survey expert who will be available if surveys are utilized in this study.

### **Facilities**

To be provided by the contracting organization.

## **Security**

The contracting organization's security plan will be utilized.

## **IV. PERSONNEL**

### **Panel**

The Panel for this project will be selected from among those persons listed on Attachment B to provide the widest possible perspective on the personnel management issues confronting the Intelligence Community.

The NAPA Panel, interacting with the staff and the Intelligence Community will provide great depth of experience not only in understanding the intelligence mission and the issues but also in determining what actions would help improve human resources management throughout the community. Panel members will be allowed to include dissenting or additional views if consensus is not reached on report contents or recommendations.

### **Staff**

The two senior people who will conduct the on site work are Don Wortman, who will serve as Project Director and Frank Yeager, who will be Deputy Project Director, Wortman's executive career is characterized by his ability to understand organizational cultures and to appreciate their diversity. His experience includes executive posts in the Atomic Energy Commission, the Office of Economic Opportunity, the Social Security Administration and the Central Intelligence Agency. Yeager, who held a number of executive positions including Director of Personnel at the Department of Labor, has had considerable experience in developing personnel management programs for highly professional staff. His doctoral dissertation was on performance appraisal. Biographical material on both individuals is at Attachment C. They will be assisted by selected research associates and an executive assistant.

### **Security Clearances**

Security clearances for all persons utilized in this study will be requested of the contracting organization.

**IntellProp/ams**

SSCI GUIDANCE

12/30/87

SENATE SELECT COMMITTEE ON INTELLIGENCE  
STATEMENT OF THE NAPA STUDY OBJECTIVES

OBJECTIVE

The objective of the study is to assess the adequacy of current and planned civilian personnel policies, plans and programs including compensations of U.S. intelligence departments, agencies and divisions to accomplish their respective missions to the year 2000.

Secondly, the study should compare the personnel and compensation systems for civilian personnel in these intelligence departments, agencies and divisions with due regard to the different missions, risks, job requirements and environments in which these missions must be accomplished.

Thirdly, the study should compare the civilian personnel and compensation systems and missions of the intelligence departments, agencies and divisions with the federal civil service personnel and compensation systems and missions in order to assess the need for expansion, maintenance or

reduction of the intelligence systems or parts thereof.

### MISSIONS

The principal missions upon which the study should focus are:

1. Clandestine and overt human intelligence collection;
2. Foreign counterintelligence;
3. Development and operation of technical intelligence collection and dissemination programs; and
4. Analysis, production and dissemination.

### ISSUES

External and internal issues impact the ability of intelligence entities to recruit and retain personnel to accomplish intelligence missions effectively. The following external and internal issues, identified by the Senate Select Committee on Intelligence in its preliminary analysis of

intelligence personnel systems, while not inclusive, should be more clearly identified and assessed for their impact on the several intelligence missions.

1. External Issues

- a. The adequacy of a qualified national work force to meet intelligence personnel mission requirements;
- b. Competition from the private sector - fact or fantasy?
- c. Competition with the federal civil service - has there been, will there be if the intelligence agencies change their compensations/benefits?
- d. Long-range impact of Congressional personnel authorization levels on personnel planning, missions, recruiting, retention.
- e. Impact on recruiting and retention of Congressional changes in federal pay and benefits.

2. Internal Issues. The study should assess the adequacy and effectiveness of the following for missions assigned:

- a. Personnel planning and organization
- b. Recruiting and selection
- c. Training and education
- d. Pay and benefits
- e. Retention
- f. Human resource management
- g. Contracting out for personnel services
- h. Retirement policies and compensation

**DEPARTMENTS, AGENCIES AND DIVISIONS**

The civilian personnel systems of the following are to be included in the study:

- o Central Intelligence Agency

- o National Security Agency
- o Defense Intelligence Agency
- o Bureau of Intelligence and Research,  
Department of State
- o Foreign Counterintelligence Division, Federal  
Bureau of Investigation
- o Intelligence Divisions of the military  
departments

#### **REPORTS**

A final report should be completed by 20 January 1989.

1. **Interim Report.** Interim reports are expected by April and September 1988. The purpose of the interim reports to provide a means for an assessment by Congress of new or substantially modified programs and compensations planned for early implementation.
2. **Final Report.** The final report should consist of:

- a. A comprehensive identification of external and internal issues impacting the ability of the intelligence entities to perform their missions effectively;
- b. An assessment of the adequacy of personnel policies, plans and programs of each of the intelligence entities identified to perform their respective missions to the year 2000;
- c. A comparison/contrast on the civilian personnel systems of the intelligence entities identified;
- d. A comparison/contrast on the civilian personnel systems of the intelligence entities, in general, with the federal civil service; and
- e. Recommendations for legislative, regulative or other changes as NAPA determines advisable.

HPSCI GUIDANCE

556

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## U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE  
ON INTELLIGENCE

WASHINGTON, DC 20515-6415

February 2, 1988

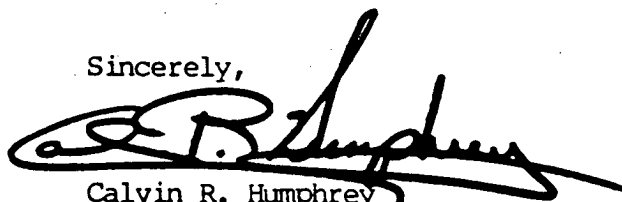
[Redacted]  
Director, Planning and Policy Office  
Intelligence Community Staff  
Washington, D.C. 20505

Dear [Redacted]

I am pleased to forward to your attention HPSCI's statement of direction for the civilian Intelligence Community personnel study authorized by the Fiscal Year 1988 Intelligence Authorization Act. Additionally, you will find enclosed HPSCI's recommendations for the seven member National Academy of Public Administration (NAPA) panel. All of the panel recommendations were derived from your 27 January 1988 correspondence in which you proposed candidates for membership on the NAPA panel.

In closing, I offer my apologies for the delay in forwarding this information to you. I look forward to working with you on this important study, and remain available to field any questions you may have concerning the enclosed materials.

Sincerely,



Calvin R. Humphrey  
Counsel

Enclosures

STAT

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HOUSE PERMANENT SELECT  
COMMITTEE ON INTELLIGENCE

STATEMENT OF THE  
NATIONAL ACADEMY OF PUBLIC  
ADMINISTRATION

OBJECTIVES

The purpose of this study is to provide the Congressional intelligence oversight committees a comprehensive review and comparison of the several personnel management and compensation systems affecting civilian personnel of the United States intelligence community. This study represents the first across-the-board comparison and analysis of the various intelligence community personnel management and compensation systems, and will assist HPSCI and SSCI in evaluating those personnel programs presently in existence, as well as proposed future programs which may be necessary to ensure the continued availability of high caliber individuals to perform the various missions tasked to U.S. intelligence agencies and entities.

During the life of the study particular attention should be given to the (1) awards and pay scale, (2) benefits program, (3) career development, and (4) management philosophy of the various personnel management and compensation systems available in the intelligence community. An analysis, comparison, and evaluation of these systems, complete with recommendations on their overall viability represents an integral element of the study.

Any proposed changes in the above mentioned areas should be thoroughly reviewed, analyzed, and compared with the remainder of the intelligence community and the Federal Civil Service.

HPSCI expects that during the life of the study, consideration will be given to the inequities existing in the personnel and management systems of the various U.S. intelligence agencies and entities, and that NAPA will assess

-2-

the necessity for these differences. HPSCI is particularly interested in an across-the-board assessment and comparison of the differences in personnel, management, and compensation systems affecting civilian personnel serving in similar positions, under similar conditions on overseas assignment for the various intelligence agencies and entities. Particular attention should be given to the differences in pay scale, retirement, and health care benefits, and the effect on employee morale these differences may represent.

Additionally, the study should compare and analyze the personnel management and compensation systems applicable to most civil service personnel with those in the intelligence community, and assess to what extent unique circumstances of intelligence activities require different management or compensation approaches.

With respect to the two interim reports to be provided to HPSCI and SSCI on 1 May 1988 and 1 August 1988, special attention should be given to changes in personnel management and compensation systems designed to recruit and retain individuals possessing skills of critical importance to U.S. intelligence agencies and entities. While critical skills currently include mathematics, computer science, engineering and foreign language, HPSCI prefers that NAPA adhere to a broader definition which would include those skills without which an individual agency or entity could not adequately perform its mission.

-3-

Any proposed changes in personnel and compensation systems desired to be implemented by any intelligence agency or entity during the life of the study should be evaluated and analyzed with recommendations in the interim reports provided to the intelligence oversight committees.

Lastly, HPSCI expects NAPA to make recommendations as to where the intelligence community should be moving, if movement is necessary, in its personnel management and compensation systems to ensure the continued availability of human resources with the necessary talent and dedication to perform the tasks of the various intelligence agencies and entities.

HPSCI'S RECOMMENDATIONS  
FOR SEVEN (7) MEMBER NAPA  
PANEL TO STUDY  
INTELLIGENCE COMMUNITY CIVILIAN  
PERSONNEL SYSTEMS

\* Dr. James Colvard

\* William G. Miller

\* Bobby R. Inman

\* Philip A. Odeen

\* Thomas S. McFee

\* Fred Meuter, Jr.

\* Donald McHenry

STEERING GROUP GUIDANCE

The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

ICS 88-4423  
14 March 1988

MEMORANDUM FOR: Don I. Wortman  
Project Director, Intelligence Community Personnel Study  
National Academy of Public Administration

SUBJECT: First Interim Report, Intelligence Community Personnel Study

1. As a follow-up to last week's off-site conference, this memorandum sets forth our views on the first interim report for the study. We believe that three main areas should be discussed.

- o Progress on baseline establishment. The report should provide the Congress an indication of the extent to which NAPA has established its baseline understanding of the range of personnel management and compensation systems that are under study. It seems to us that considerable work in this area will have been accomplished by mid-April and that it would be appropriate to report that the study team is familiar with the workings of the various systems and has moved on to detailed study of specific issues.
- o Assessment of the case for unique systems. A key objective of the study is to assess the grounds for unique systems. This assessment should have two dimensions. The first should be a comparison of the Intelligence Community as a whole with the Federal civil service in general. The report should be able to offer at least preliminary views on this subject, based on the study team's understanding of the relevant missions, needs, and operating environments. The second should be a similar comparison, but made within the Intelligence Community itself, that is, an assessment of the grounds for the differing personnel systems administered by the several agencies and offices that make up the Community. Again, judgments should be founded on the similarities and differences of the relevant missions, needs, and operating environments.

ALL PORTIONS OF THIS  
DOCUMENT ARE UNCLASSIFIED

SUBJECT: First Interim Report, Intelligence Community Personnel Study

- o Identification of specific issues and possible approaches to problem solving. The report should identify, at least tentatively, the key issues that NAPA believes require detailed study. We believe the report should also comment on the merits of flexibility as a general approach to problem solving. As a management strategy, it seems to us more prudent to acquire broad authorities for the Community, allowing selective implementation in accordance with individual agency desires, than to pursue adjustments piecemeal. This would seem to be the most efficient approach and would avert the need for continual legislative fine-tuning for separate agencies. It would also allow us to deal routinely with both anticipated and unanticipated problems affecting personnel system effectiveness and competitiveness. If possible, the report should also give preliminary judgments on particularly important issues that have already been identified and studied: from our perspective, it should be possible to do this on the issue of flexible benefits programs, which has been clearly highlighted as a priority concern.

2. If you have any questions please call me at

Director  
Planning and Policy Office

cc:  OL/CIA

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SUBJECT: First Interim Report, Intelligence Community Personnel Study

DISTRIBUTION: (ICS 88-4423)

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DIRECTOR OF CENTRAL INTELLIGENCE  
Intelligence Community Staff  
Washington, D.C. 20505

ICS 88-4429  
23 March 1988

MEMORANDUM FOR: Donald I. Wortman  
Project Director, Intelligence Community Personnel Study  
National Academy of Public Administration

FROM: [REDACTED]  
Director, Planning and Policy Office

25X1

SUBJECT: Additional Congressional Guidance for Intelligence Community  
Personnel Study

1. As a follow up to our meeting on Monday, this memorandum provides additional guidance from the staffs of the House Permanent Select Committee on Intelligence (HPSCI) and the Senate Select Committee on Intelligence (SSCI) on issues to be addressed in NAPA's personnel study. [REDACTED]

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- o Examination of Equal Employment Opportunity (EEO) implementation.  
The HPSCI has a particular interest in seeing that the personnel study addresses the manner in which EEO goals and policies are being implemented throughout the Intelligence Community. Towards this end, we are attaching the latest EEO reports for agencies and organizations in the Community for your information.
- o Assessment of compensatory allowances for intelligence civilian personnel posted overseas, including tax treatment. The SSCI would like the report to include a comparison of allowances and special compensations for CIA, NSA, and DIA personnel assigned overseas. In addition, the report should address differences in tax treatment and associated policies as they apply to State Department personnel and members of the Intelligence Community on duty overseas.

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2. If you have any questions on this additional guidance, please call me at [REDACTED]

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Attachment:  
a/s

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SUBJECT: Additional Congressional Guidance for Intelligence Community  
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